

UMHLABUYALINGANA MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008****1. STATUTORY FUNDS**

	2008 R	2007 R
Capital development fund	3,433,903	2,903,849
	<u>3,433,903</u>	<u>2,903,849</u>

(Refer to appendix "A" for more details)

2. RESERVES

Proclamation Grant	-	130,620
Geog. Ins Sys Grant	-	9,755
Land Use Mgmt Sys Gr	100,000	779,610
FMG	234,504	430,014
Rate Implementation Grant	-	396,283
Project Consolidate	1,286,000	3,736,045
Investment Planning	-	441,763
MIG	2,153,950	1,511,904
Urban Development	1,975,000	
DBSA	670,000	
Library Subsidy	78,900	
Nhlange Lake Resturant	180,000	
Manzengwenya cultural project	180,000	
Phelandaba Development	150,000	
Kwa - Tembe Concrete project	180,000	
	<u>7,188,354</u>	<u>7,435,994</u>

(Refer to appendix "A" for more details)

3. BANK, CASH AND OVERDRAFT BALANCES

The municipality has the following bank accounts:-

Current Account (Primary Bank Account)

First National Bank - Hluhluwe Branch - Acc.62025236408

Cash book balance at the beginning of the year -

Cash book balance at the end of the year - (overdrawn)

529,251.23	6,932,776.57
<u>(1,086,044.03)</u>	<u>529,251.23</u>

Bank statement balance at the beginning of the year- (overdrawn)

Bank statement balance at the end of the year - (overdrawn)

762,935.81	3,115,098.88
<u>(513,415.56)</u>	<u>762,935.81</u>

UMHLABUYALINGANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

12. REMUNERATION OF COUNCILLORS

Mayor
Deputy Mayor
Speaker
Executive Committee Members
Councillors

Total Councillor's Remuneration

In-kind Benefits

The Mayor, Deputy Mayor and the Speaker are Part-time councillors.
Each is provided with an office and the Mayor is provided with the
Secretarial support at the cost of the council.
The mayor has use of a council owned vehicle for official duties.

2008	2007
R	R
245,707	200,876
187,454	154,676
187,454	154,676
581,209	464,029
2,760,804	2,213,766
3,962,628	3,188,023

13. APPROPRIATIONS

Appropriation account:

Accumulated surplus/ (deficit) at the beginning of the year
Operating surplus/ (deficit) for the year
Appropriation for the year
Contribution to CDF
Prior year adjustments

Accumulated surplus/ (deficit) at the end of the year

Operating account:

Capital expenses
Contribution to reserves
Contribution to bad debts provision

(11,542,899)	(3,011,369)
2,093,635	(8,690,415)
796,473.55	158,885
530,054	-
266,420	158,885
(8,652,791)	(11,542,899)
21,265,546	14,706,465
4,055,946	4,241,918
-	965,921
25,321,492	19,914,304

14. CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year
Prior year adjustments
Appropriation charged against income
Capital development fund
Provisions
Reserves
Fixed assets

Investment Income
Transfer from reserves to operating income
Grants and subsidies received from the public and the state

2,093,635	(8,690,415)
(266,420)	158,885
26,482,810	20,126,197
530,054	599,839
631,264	577,976
4,055,946	4,241,918
21,265,546	14,706,464
28,310,025	11,594,667
(179,736)	(29,542)
(4,303,586)	(8,923,970)
(29,840,926)	(35,508,876)
(6,014,222)	(32,867,721)

UMHLABUYALINGANA MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	2008 R	2007 R
15. (INCREASE)/ DECREASE IN WORKING CAPITAL		
(increase)/ decrease in long term debtors	-	34,375
(increase)/ decrease in short term portion for long term debtors	58,660	32,136
(increase)/ decrease in debtors	(1,152,123)	(533,994)
increase/(decrease) in creditors	(3,190,246)	5,026,538
	(4,283,709)	4,559,055
16. (INCREASE)/DECREASE IN INVESTMENTS		
Investment at the beginning of the year	13,242	6,567,432
Investment at the end of the year	24,739	13,242
Net (increase)/ decrease in cash equivalents	11,497	6,554,190
17. INCREASE/ (DECREASE) IN CASH		
Cash at the beginning of the year	535,243	1,516,848
Cash on hand	5,992	-
Cash at bank	529,251	1,516,848
Cash balance at the end of the year	(1,080,488)	535,243
Cash on hand	5,556	5,992
Cash at bank	(1,086,044)	529,251
	(1,615,731)	981,605
18. RETIREMENT BENEFITS		
Employee belong to the following funds within the Natal Joint Municipal Pension / Provident Fund which provide retirement benefits to such employees,		
(i) Natal Joint Municipal Fund (retirement)		
(ii) Natal Joint Municipal Pension Fund (superannuation)		
(iii) Natal Municipal Pension Fund (provident)		
(iv) Natal Municipal Councillors Fund		

The retirement plan is subject to the Pension Fund Act 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs. Full actuarial valuations are performed at least every three years. The latest independent valuation of the fund s which indicated that the funds were in a sound financial position was undertaken on 31 March 2006

UMHLABUYALINGANA MUNICIPALITY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008****19. CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure:

Approved and contracted for

Infrastructure

Community

Other

2008
R

2007
R

12,096,000

15,210,000

11,896,000

15,210,000

-

-

200,000

Approved but not yet contracted for

Infrastructure

Community

Other

500,000

150,000

-

150,000

500,000

-

-

Total

12,596,000

15,360,000

This expenditure will be financed from:

Government Grants

Own Resources

12,396,000

15,360,000

200,000

-

12,596,000

15,360,000

20 PRIOR YEAR ADJUSTMENTS

Stale and cancelled cheques relating to prior year are reversed and charged to the appropriation account.

266,420

158,885

21 OPERATING LEASES**(a) Gestetner Finance**

This represents an operating lease for one Gestetner Digital copier, the minimum lease period is 60 months which expires on 30 November 2009 and the rental amount is R 1 900.00 excl VAT pm with 15% escalation

(b) Gestetner Finance (Fintech)

This represents an operating lease for two Gestetner Digital copier, the minimum lease period is 60 months which expires on 30 November 2010 and the rental amount is R 1 250.00 excl VAT pm per machine with 15% escalation

(c) Automated Office Tecnology (Pty) Ltd

This represents an operating lease for one photocopy machine, the lease agreement is for 60 months which expires on 31 March 2012 with 7.5% escalation. The rental amount is R 1 895. 00 pm.

UMHLABUYALINGANA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R

22. OPERATING LEASES (continued)

(d) Automated Office Tecnology (Pty) Ltd

This represents an operating lease for telephone management system, the lease period is 48 months expires on 31 March 2011 with 7.5% escalation. The rental amount is R 520.00 pm.

(e) Canon

This represents an operating lease for telephone equipments, the lease period is 48 months which expires on 31 March 2011 with 7.5% escalation. The rental amount is R 1 836.12 pm.

UMHLABUYALINGANA MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance as at 01 July 2007	Received During the year	Redeemed / Written off during the year	Balance as at 30 June 2008
	R	R	R	R
EXTERNAL LOANS				
Short Term Loan	0	0	0	0
Annuity Loans	0	0	0	0
Government Loans	0	0	0	0
	0	0	0	0
INTERNAL ADVANCES/ BORROWING SERVICES				
Public Improvement fund	0	0	0	0
Capital Development Fund	0	0	0	0
	0	0	0	0

UMHLABUYALINGANA MUNICIPALITY

APPENDIX C: ANALYSIS OF FIXED ASSETS

Acquisition 2007 R		Budget 2008 R	Balance at 01 July 2007 R	Acquisition 2008 R	Disposals 2008 R	Balance as at 30 June 2008 R
	GENERAL SERVICES					
2,180,361	Land and Building	7,396,000	9,909,892	1,126,600	0	11,036,492
783,164	Furniture and computer equipment	400,000	2,282,690	43,687	0	2,326,377
-	Vehicles		1,944,575		0	1,944,575
25,399	Plant and equipment		810,275		0	810,275
-	Parks and recreations		187,042		0	187,042
11,717,540	Municipal roads and stormwater	5,000,000	12,058,116	5,057,202	0	17,115,318
-	Municipal Accommodation		918,606		0	918,606
-	Miscellaneous		444,167		0	444,167
	Manguzi Sports Field			15,038,057	0	15,038,057
14,706,464	TOTAL FIXED ASSETS	12,796,000	28,555,363	21,265,546	0	49,820,909
	LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	12,796,000	28,555,363	21,265,546	0	49,820,909
	Contribution from current income	400,000	11,902,664	43,687	0	11,946,351
	Grants and Subsidies received	12,396,000	16,652,699	21,221,859	0	37,874,558
	NETT FIXED ASSET	0	0	0	0	0

UMHLABUYALINGANA MUNICIPALITY

APPENDIX D

Analysis of Operating Income and Expenditure for the year ended 30 June 2008

Actuals 2007 R		Actuals 2008 R	Budgeted 2008 R
35,508,876	INCOME		
	GRANTS AND SUBSIDIES RECEIVED	29,840,926	35,889,553
22,221,851	Equitable share	17,519,419	17,519,000
500,000	Financial Management	500,000	500,000
250,000	Public Participation		
100,000	Rates Implementation		160,000
6,984,823	Municipal Infrastructure	4,912,864	11,896,000
734,000	Municipal Systems Improvement	734,000	734,000
2,000,000	Project Consolidate	2,081,000	795,000
200,000	Investment Planning		
2,037,560	Mabaso Housing		
137,000	Organisational Structure, HR Systems		
193,642	Madonela Agricultural Project		290,463
150,000	Internal Control Unit		
-	Urban Development	1,975,000	1,500,000
-	intergrated Development Planning	213,000	200,000
-	DBSA	670,000	670,000
-	Gijima funds	456,513	210,400
-	Library Subsidy	78,900	
-	Nhlange Lake Resturant	180,000	180,000
-	Manzengwenya Cultural Project	180,000	180,000
-	Kwa - Tembe Concrete Project	180,000	180,000
-	Phelandaba Development	150,000	150,000
-	Mbila Tribal Hall Subsidy	-	500,000
-	Mbazana Hub		214,460
-	Induction Training Subsidy	10,230	10,230
8,923,970	Transfer from reserves	4,303,586	-
410,777	Operating Income	149,049	3,142,200
44,843,623	NETT INCOME	34,293,561	39,031,753
48,692,281	EXPENDITURE	27,613,926	38,881,753
12,004,564	Salaries, wages and allowances	11,739,636	12,948,766
19,947,746	General expenses	8,349,461	12,395,073
1,959,903	Repairs and maintenance	851,902	847,000
73,604	Leave encashment	445,438	94,914
14,706,464	Contribution to capital expenditure	6,227,489	12,596,000
4,841,757	Contributions	4,586,000	-
599,839	Contribution to CDF	530,054	-
4,241,918	Transfers to Reserves:	4,055,946	-
53,534,038	NETT EXPENDITURE	32,199,926	38,881,753

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

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DIRECTOR CORPORATE
Ms. N.V. DLAMINI

CORPORATE SERVICES ANNUAL REPORT

VISION

The chief vision and focus of the Corporate Services Department is to be well managed, recognised as making efficient use of resources and being socially just, in a way which advance broader developmental aims and objectives.

MISSION

- To utilize available knowledge and skills, promoting excellence and respect for capacity building.
- To execute needs and requirements of the Corporate Services Department in a professional and efficient way.

The Departmental success to achieve its goals is gained through monthly meetings where every departmental staff member is given an opportunity to contribute towards achieving our objectives and fulfilling our Departmental mission.

WORDS BY DIRECTOR: CORPORATE SERVICES

It is with pleasure to report on our progress in respect of services delivered for the period of 01 July 2007 to 30 June 2008. As a local sphere of government the objectives are clearly stipulated in the constitution to provide democratic and accountable governance, to provide sustainable service to the community, to promote the social and economic development and to provide a safe and healthy environment.

To this end we are determined to ensure the long term growth of the community by ensuring good governance on all aspects of service delivery, whilst being aware of the needs of the community and treating each member of the community with respect.

The report endeavours to reflect on our challenges, strengths and weaknesses as facing the various sub-sections reporting to Corporate Services. We have made remarkable inroads in respect of Service Delivery as is reflected in various sub-sections as enunciated hereunder.

The Corporate Services, headed by Ms NV Dlamini, is comprised of 3 Sections viz, Council services/Administration services, Human Resources Management and Communication services.

The Human Resource Management is at the heart of the institution serving its internal clients, comprising of 69 permanent and contract staff. The section is headed by Mr TS Mkhabela and is a hive of activity with recruitment, training, industrial relations challenges, and personnel administration. The past years has seen the formulation, implementation and amendment of a number of policies, including recruitment policy, telephone policy, travel and subsistence policy, internship policy, appointment, promotion and probation policy, leave policy, employment relations policy, training policy and bursary policy. A continuous effort is made to uplift the skills and capacity of our staff and councilors although sometimes we are hindered by financial capacity.

The institutional efficiency of the organization is maintained through the Administrative/Council Services section that is headed by Mr HM Bhengu. He ensure that Secretariat Services, Council Support, government communication, etc. never fail in achieving the overall objectives of the organization. The municipality has got 26 Councillors and 6 Portfolio Committees which meet once a month to discuss issues pertaining to Service Delivery.

The communication pipeline is maintained through Communication Services section that is also headed by Mr HM Bhengu. The municipality releases a newsletter once a quarter to the community updating them of the current events and service delivery. The municipality also has got a website which is easily accessible and user friendly.

HUMAN RESOURCES MANAGEMENT SECTION

Human Resource Management services is a sub-section of Corporate Services. Its function is to provide a comprehensive service to all its employees in terms of benefits administration, employee assistance, organizational structure, workshopping policies and procedures to all staff, labour relations, skills development, promotions, leave applications, recruitment and employment equity, ect.

Organisational Structure

There were posts in the municipal organogram, were filled during 2007/2008 and are still vacant.

Skills Development

The annual training report for 2007/2008 and the approved Workplace Skills Plan for 2008/2009 was successfully submitted to LGSETA by the deadline date of 30 June 2008. The municipality also established the Training Committee as one of the Committees under Corporate Services Department to assist in providing equal services to all employees.

Bursaries 2007/2008

The Umhlabuyalingana Local Municipality has awarded bursaries to six employees.

Disciplinary Action

<i>Disciplinary Action</i>	<i>Male African</i>	<i>Male Coloured</i>	<i>Male Indian</i>	<i>Male Total Blacks</i>	<i>Male White</i>	<i>Female African</i>	<i>Female Coloured</i>	<i>Female Indian</i>	<i>Female Total Blacks</i>	<i>Female White</i>	<i>To.</i>
TOTAL	0	0	0	0	0	0	0	0	0	0	0

Recruitment

<i>Occupational Bands</i>	<i>Male African</i>	<i>Male Coloured</i>	<i>Male Indian</i>	<i>Male Total Blacks</i>	<i>Male White</i>	<i>Female African</i>	<i>Female Coloured</i>	<i>Female Indian</i>	<i>Female Total Blacks</i>	<i>Female White</i>	<i>Total</i>
<i>Director; Corporate Services</i>						1			1		1
<i>Chief Traffic Officer</i>	1			1							1
<i>Secretary to the Director Corp. Serv.</i>						1			1		1
<i>Tourism/ Entrepreneur Officer</i>	1										1
<i>Secretary to the Director of LED</i>						1					1
TOTAL											5

Resignations

<i>Job Title</i>	<i>Male African</i>	<i>Male Coloured</i>	<i>Male Indian</i>	<i>Male Total Blacks</i>	<i>Male White</i>	<i>Female African</i>	<i>Female Coloured</i>	<i>Female Indian</i>	<i>Female Total Blacks</i>	<i>Female White</i>	<i>Total</i>
<i>SNR. Acc.</i>	1										1
<i>Secr. LED</i>						1					1
<i>Tourism Officer</i>	1										1
TOTAL											3

Skills Development

<i>Occupational Categories</i>	<i>Male African</i>	<i>Female Coloured</i>	<i>Male Indian</i>	<i>Male Total Blacks</i>	<i>Male White</i>	<i>Female White</i>	<i>Female Coloured</i>	<i>Female Indian</i>	<i>Female Total Blacks</i>	<i>Female White</i>
<i>Legislators, Senior Officials & Managers</i>	0	0	0	0	0	0	0	0	0	0
<i>Professionals</i>	0	0	0	0	0	0	0	0	0	0
<i>Technicians and Associate Professionals</i>	0	0	0	0	0	0	0	0	0	0
<i>Clerks</i>	0	0	0	0	0	0	0	0	0	0
<i>Service and Sales Workers</i>	0	0	0	0	0	0	0	0	0	0
<i>Skilled Agriculture and Fishery Workers</i>	0	0	0	0	0	0	0	0	0	0
<i>Craft and related Trades workers</i>	0	0	0	0	0	0	0	0	0	0
<i>Plant and Machine Operators and Assemblers</i>	0	0	0	0	0	0	0	0	0	0
<i>Elementary Occupations</i>	0	0	0	0	0	0	0	0	0	0
<i>TOTAL</i>	0	0	0	0	0	0	0	0	0	0
<i>Employees with disabilities</i>	0	0	0	0	0	0	0	0	0	0

Disability leave (temporary and permanent) for July 2007 to June 2008

<i>Occupational Categories</i>	<i>Male African</i>	<i>Male Coloured</i>	<i>Male Indian</i>	<i>Male Total Blacks</i>	<i>Male White</i>	<i>Female African</i>	<i>Female Coloured</i>	<i>Female Indian</i>	<i>Female Total Blacks</i>	<i>Female White</i>	<i>Total</i>
<i>Legislators, Senior Officials and Managers</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Professionals</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Technicians and Associate Professionals</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Clerks</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Services and Sales Workers</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Skilled Agriculture and Fishery Workers</i>	0	0	0	0	0	0	0	0	00	0	0
<i>Craft and related Traders Workers</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Plant and Machine Operators and Assemblers</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Elementary Occupations</i>	0	0	0	0	0	0	0	0	0	0	0
<i>TOTAL</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Employees with disabilities</i>	0	0	0	0	0	0	0	0	0	0	0

EMPLOYEE PROFILE FOR UMHLABUYALINGANA 2007/2008

THE DEPARTMENT OF FINANCE

<i>Name & Surname</i>	<i>Job Title</i>	<i>Female</i>	<i>Male</i>
1. Mr. M.M. Zungu	Chief Financial Officer		1
2. Mr. N.P.E. Myeni	Snr. Accountant		1
3. Mr. S.H. Mthembu	Procurement Officer		1
4. Mrs. N.P. Mkhabela	Budget Officer	1	
5. Mrs. S.C. Nzuza	Expenditure Clerk	1	
6. Miss. N.S. Gumede	Payroll Clerk	1	

THE DEPARTMENT OF CORPORATE SERVICES

<i>Name & Surname</i>	<i>Job Title</i>	<i>Female</i>	<i>Male</i>
1. Miss. N.N.V. Dlamini	Dir-Corporate Services	1	
2. Mr. H.M. Bhengu	Senior Admin Officer		1
3. Mr. T.S. Mkhabela	Snr Admin/ Human Res. Officer		1
4. Miss. S.C. Zikhali	Public Relations Officer	1	
5. Mr. N.J. Mpontshane	Committee Clerk		1
6. Mr. B.O.S. Mathenjwa	Admin Clerk		1
7. Miss. S.I. Nsele	Registry Clerk	1	
8. Miss. T.L. Fakude	Secretary- Corporate Services	1	
9. Mr. S.G. Ntuli	Pool Driver		1
10. Mr. J.B. Mthimkhulu	Pool Driver		1
11. Mrs. D.T. Mtambo	General Worker	1	
12. Mrs. T.D. Mkhize	General Worker	1	
13. Mr. Z. Nsele	Mayoral Driver		1

THE DEPARTMENT OF COMMUNITY SERVICES

<i>Name & Surname</i>	<i>Job Title</i>	<i>Female</i>	<i>Male</i>
1. Mr. M.M. Ngubane	Dir-Community Services		1
2. Mrs. N.F. Mngomezulu	Community Liaison Officer	1	

3. Mr. M.M. Mthembu	Programmes and Project Officer		1
4. Miss. M.E. Tembe	Secretary-Dir. Community Services	1	
5. Miss. V.Z. Mdletshe	Librarian	1	
6. Mr. K.H. Zulu	Chief Traffic Officer		1
7. Mr. M.E. Mthembu	Assistant Librarian	1	
8. Mrs. D.J. Ntsele	Library Assistant		1
9. Miss. N.T. Mdluli	Library Assistant		1
10. Mr. B.B. Dlamini	Library Assistant		1
11. Mr. T.S. Sikhumbane	Library Assistant	1	
12. Mr. S.J. Mkhize	General Worker	1	
13. Mr. N.D. Ntuli	General Worker	1	

THE DEPARTMENT OF LOCAL ECONOMIC DEVELOPMENT

<i>Name & Surname</i>	<i>Job Title</i>	<i>Female</i>	<i>Male</i>
1. Mr. M.J. Ntsele	Director-Local Economic Deve.		1
2. Mr. S.S. Thwala	Tourism/ Entrpreneur Officer		1
3. Mr. M.R. Mkhonto	Agric. Dev. Officer		1
4. Miss. S.B. Mabika	Secretary to the Dir. L.E.D.	1	
5. Mr. B.H. Mthembu	Tractor Operator		1
6. Mr. N. Mthembu	Tractor Operator		1

THE DEPARTMENT OF TECHNICAL

		<i>Female</i>	<i>Male</i>
1. Mrs. N.H. Mthembu	PMU/IDP Manager	1	
2. Mr. V.B. Mbonambi	Assistant Technical Officer		1
3. Mr. T.C. Ngwezi	TLB Operator		1

THE DEPARTMENT OF MANAGEMENT

		<i>Female</i>	<i>Male</i>
1. Rev. S.E. Mangele			1
2. Miss. S.R. Mthembu		1	
3. Miss. C.F. Mdluli		1	

ADMINISTRATIVE/COUNCIL SERVICES

The uMhlabuyalingana Administrative/Council Support maintain the running of the highly rated support system to Officials, Councillors and Community at large. It provides support to the Management Unit, Council meetings and also have full control of Committee meetings which include compilation of voluminous agendas and record-keeping of all the meetings sessions. The Council also approves the Standing rules of Order for smooth running of the meetings.

In the year 2007/2008 there were:

- 10 Council Meetings
- 10 Executive Committee Meetings
- 7 Community Services Portfolio Committee Meetings
- 8 Corporate Services Portfolio Committee Meetings
- 7 Local Economic Development Committee Meetings
- 4 Planning Portfolio Committee Meetings
- 6 Infrastructure Portfolio Committee Meetings

COMMUNICATION SERVICES

The municipality uses Community meetings and newsletter as means of communicating with the people within and outside the municipal boundaries. The newsletter is released quarterly to community members.

PERFORMANCE MANAGEMENT SYSTEM 2007/2008

REPORT BY THE MUNICIPAL MANAGER ANNUAL PERFORMANCE ASSESSMENT

1. INTRODUCTION

Performance Management System is not only a measurement tool but a management tool, to improve performance in the organization. Performance is not improved by awarding bonuses to good performers and panelising the others, but by continuously monitoring progress throughout the year.

The time has come for us to conduct the annual assessment as a collection and assessment of all the work done during the year.

2. STRATEGIC INTENT

At the beginning of the year, we set out to look at a long-term vision of the Municipality through Vision 2020. Under each key performance area long term objectives have been set, which emanated to the current year outputs linked to the long-term objectives.

It is critical for us to understand that for all targets met during the period under review we are a step closer to delivering on our long-term objectives and visor-verso.

3. CHALLENGES

Like in any other battle, we face different challenges in our battle to break the chains of poverty. Central to the challenges is what is considered to be the crux of economics, having limited means to fulfil unlimited needs.

3.1. Financial

The Municipality has no revenue based and relies fully on government grants, mainly the equitable share, for survival. Unfortunately when the Municipality was demarcated it was left with an area with little chance in the foreseeable future to ever have own generated revenue.

To add to these problems, the National Treasury reduced the equitable share allocations for the 2007/08 financial year by R 5 million, whilst at the same time councillor salaries had been increased by approximately R 5 million. This set back the available resources by almost R 10 million.

The implications of this manifested in a most hideous manner through cash flow problems in the Municipality. For the best part of the second quarter, we had to halt some programs as a result of financial constraints. It shall also be noted that the Cash Flow projections were done, but the change of the government transfers; from four to three instalments a year deepened the crisis.

Even though we faced these problems the storm is now over. The biggest challenge going forward is to implement stringent and prudent financial management controls to avoid ever going through the same cycle again.

3.2. Human Capacity Constraints

Staff turnover and vacancy of key positions has been highly crippling the progress towards achieving the set objectives. The high vacancy rate can be classified into three sections;

- Leaving of key technicians/specialist
- Vacancy of Senior Posts including ONE Head of Departments
- Vacancy of technical posts within the Technical department

This vacancy rate directly impacts on the ability of the management team to effectively perform their duties. This however is a dilemma since the Municipality is also faced with some serious financial limitations.

We therefore have a task of seriously reviewing our approach in terms of service delivery mechanisms. Wherever specific functions can be performed externally in a more efficient manner, it should be highly considered to improve performance

DEPARTMENTAL VACANCY SCHEDULES

DEPARTMENT	TOTAL POSTS	VACANT POSTS	VACANCY RATE	COMMENTS
Office of the MM	4	1	25%	
Financial Services	11	6	55%	The senior accountant is leaving end of February
Corporate Services	15	2	13%	The HOD has just been appointed beginning of March
Community Services	16	5	31%	The Department has no Technicians/specialists in place
LED Services	7	3	43%	Tourism & Enterprise Development Off left during the year and is crucial
Technical Services	9	6	70%	The Department has no Head of Department and Technicians in place

3.3. Performance Management Systems

Emanating from some of the issues raised above we have not implemented the Performance Management as promptly as we ought to. We however have covered a lot of ground, putting ourselves ahead of most municipalities with the same grading as ours.

We have been able to do the following;

- Develop PMS policy framework
- Develop a policy framework for cascading down PMS
- Develop an organizational scorecard
- Develop scorecards for all Head of Departments,
- Establishment of the Performance Assessment Committee

Another challenge was the sitting of the Performance Assessment Committee. The dates were regularly postponed and it was difficult to find proper dates for different members. This may be countered during the next financial year by having an annual schedule of meetings that shall be adhered to.

We have however not been able to meet some of the expectations we have put for ourselves;

- Conduct the 1st quarterly review
- Conduct the 2nd quarterly review and
- Conduct the 3rd quarterly review

The biggest failure that we have to acknowledge however is our failure to put the PMS at the centre of our day-to-day running of the Municipality. It is my belief that if we could embrace it and diligently use it to guide our meetings from the Management Committee Meetings to different council structures meetings; we would hugely improve our performance.

4. KEY INTERVENTIONS AND RECOMMENDATIONS

As indicated above this exercise is aimed at improving the performance of the Municipality, herewith are my recommended interventions to be implemented as a matter of urgency.

4.1. *Financial Constraints*

To address issues raised we have tabled the half yearly adjustment budget. Further to this a more cautious and prudent attitude towards financial management must be adopted.

To bring long-term relief to this challenge both council and management have to come to a consensus program aimed at stabilising the financial position of the Municipality. This calls for some compromises to be made and thorough consideration to be given when budgeting period comes.

More importantly however is for the Chief Financial Officer to view the Cash Flow projections more seriously and provide more diligent projections in future. These must accompany the budget and the Chief Financial Officer must give adequate explanations for the assumptions made thereto.

4.2. Human Capacity Constrains

As a matter of urgency the HOD vacancies shall be filled before the beginning of the last quarter. The HR section of the Corporate Services shall provide the placement schedule with clear deadlines for each budgeted position.

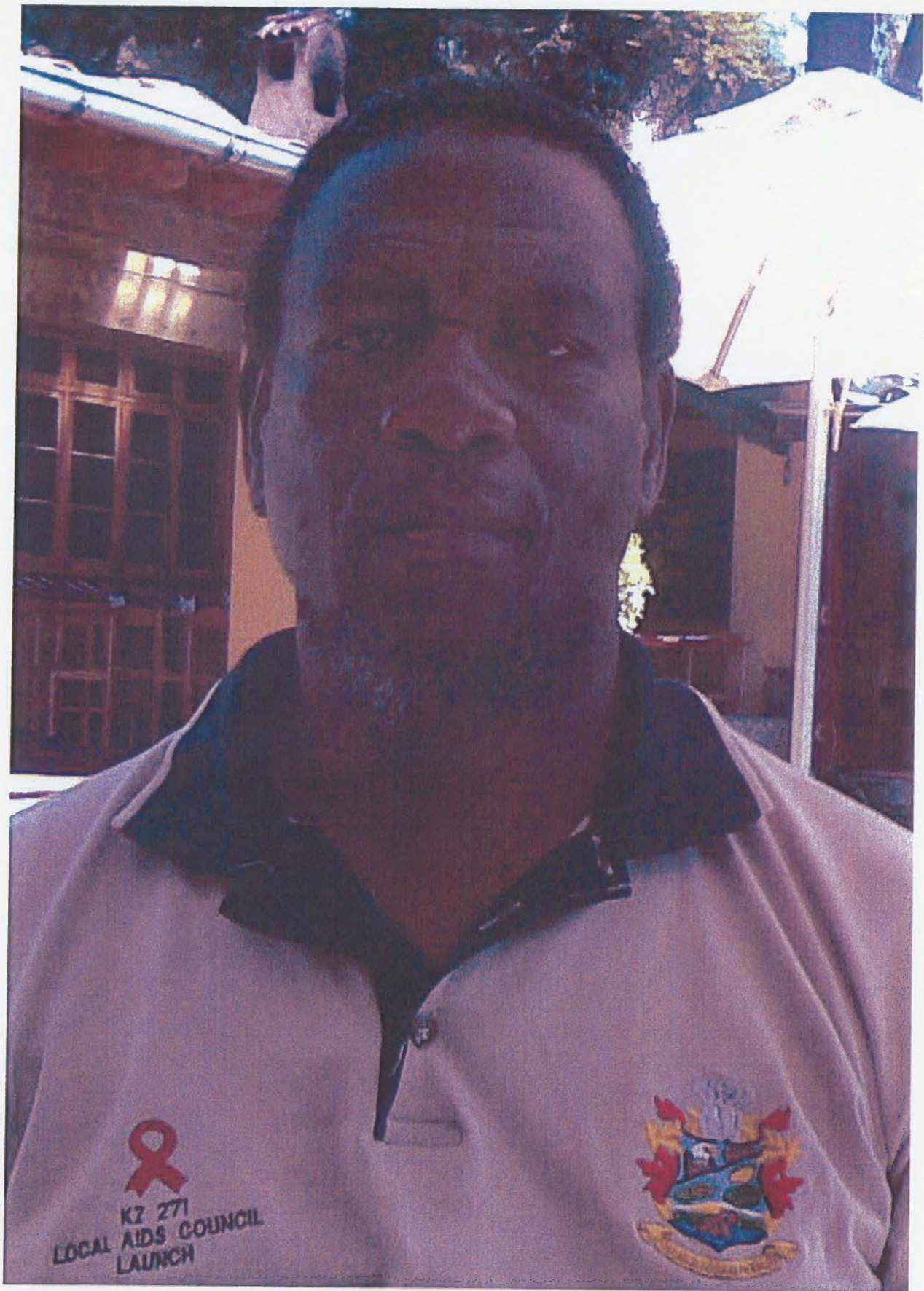
4.3. Performance Management System

We need to put the PMS as a central management tool. This will be done through the following;

- *Inclusion of the PMS Scorecards and progress thereto in all MANCO meetings,*
- *Inclusion of the PMS Scorecards and progress thereto in all EXCO meetings as a standing item*
- *Inclusion of the Departmental PMS Scorecards and progress thereto in all respective Portfolio Committee meetings as a standing item*
- *Inclusion of the PMS Scorecards and progress thereto in all Council meetings as a standing item*

Simply put no formal meeting within the Municipality, at all levels, shall take place with no relevant PMS Scorecard in place.

If this were to be done, if performance would not improve, at least everyone in the Municipality would know so at the right time, when something can still be done to rescue the situation, rather than looking at it at the end of the financial year.



DIRECTOR COMMUNITY
MR. M.M. NGUBANE

COMMUNITY SERVICES DEPARTMENT JUNE 2007 – AUGUST 2008 ANNUAL REPORT

As a government structure we have two structures of management/leadership, the political side elected by the community and the administration management. Our political structure consists of 26 councilors from two political parties African National Congress and Inkatha Freedom Party. The administration management consists of six departments, Management Services Department, Corporate Services Department, Department of Local Economic Development, Community Services Department, Finance Department and Technical Services Department.

These two structures work co-operatively in the municipality with the same vision of improving lives of the people of Umhlabyalingana.

Community Services Department is one of Department that is in the Municipality which serves the community. It has lot of Programme which is budgeted and other are not because of the financial constraints. When the structure of the Municipality formed, they start in the ward level so as to serve the community equal and transparency. Community Services Department has the following Programme/ Special Programmes which are performed and followed through the Municipality created calendar:

1. Sport and Recreation
2. HIV/AIDS Programme
3. Women's Programme
4. Art and Culture
5. Refuse Removal / Waste Management
6. Traffic Department
7. Youth Programme
8. Ward Committees
9. Disaster Management
10. Crime Prevention
11. Park and Gardens
12. Pounding

SPORT AND RECREATION

Umhlabyalingana Municipality managed to participate in 6 sport codes which are soccer in Male & Female, Athletics in Male & Female, 10 couples in Dance, Volleyball and Basketball. The games started local level in September 2007 however

it was not played in ward level because of the financial constraints, but selections of the individual players were done by the coaches for all codes.

The District games was participated, it took place on the 17th November 2007 at Mtubatuba sport grounds. All codes were selected to participate in the Provincial level. The Provincial Games took place from 30th November to 4th December 2007, at Ugu District Municipality.

INDIGENOUS GAMES

The Local Indigenous Games was on the on the 17th June 2007 at Mbaza sport grounds, the participated codes were umlabalaba, inchuva, inqathu, juskei, umageda.

HIV/AIDS PROGRAMME

In the year **2007**, HIV/AIDS Meetings took place on the 12 & 19th October 2007 after the LAC Launch which took place in April 2007. The Meetings were to review the strategy and see if the Terms of Reference were followed. The HIV/AIDS Meetings are ongoing.